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Rep. Craig Fry
Rep. Brian Hasler
Rep. Win Moses
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HEALTH FINANCE COMMISSION

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MEETING MINUTES

Meeting Date: August 11, 1998
Meeting Time: 10:00 A.M.
Meeting Place: State House, 200 W. Washington St.,
House Chambers
Meeting City: Indianapolis, Indiana
Meeting Number: 2

Members Present: Rep. Charlie Brown, Chairperson; Rep. William Crawford; Rep. Win Moses; Rep. Brian Hasler; Rep. Susan Crosby; Rep. John Day; Rep. Craig Fry; Rep. Rolland Webber; Rep. Vaneta Becker; Rep. Mary Kay Budak; Rep. Nick Gulling; Rep. Gloria Goeglein; Sen. Steven Johnson, Vice-Chairperson; Sen. Morris Mills; Sen. Beverly Gard; Sen. Joseph Zakas; Sen. Glenn Howard; Sen. Vi Simpson; Sen. Earline Rogers.

Members Absent: Rep. Robert Behning; Rep. Timothy Brown; Rep. David Frizzell; Sen. Teresa Lubbers; Sen. Marvin Riegsecker; Sen. Richard Worman; Sen. Mark Blade.

Chairman Brown called the meeting to order at 10:15 A.M. and informed Committee members that the September 30, 1998 meeting is planned to be held in Evansville, Indiana at a place and time to be announced. Rep. Brown informed the members that he would like to have a meeting in Lake County sometime in October. Both of these meetings will be for public testimony on the Children's Health Insurance Program.

Rep. Brown introduced Martha King, Director of Health Care Programs, National Conference of State Legislatures, and Katie Humphreys, Chairperson, Governor's Panel on the Children's Health Insurance Program, and asked Ms. King to begin her presentation.

Ms. King provided a handout relating to her testimony.¹ She presented a summary of the Children's Health Insurance Program (CHIP), created by the Balanced Budget Act of 1997. She noted that state legislatures must decide whether to participate in CHIP, what approach to take in participation, and how to implement a plan appropriate to the needs in their state. She said that all states except five have submitted plans to the Health Care Financing Administration and that two of the five have decided not to participate.

Ms. King went into some details of state activity in CHIP such as approaches to participation, criteria for eligibility, coverage requirements and cost sharing.

In response to questions from Rep. Crawford, Rep. Goeglein and Rep. Crosby, Ms. King stated that if a combination of expanding Medicaid and the state plan option is chosen as an approach to participation in CHIP, children on Medicaid would have Medicaid benefits and children in the state plan option would have state insurance benefits. She stated that for the state plan option the state may:

- (1) adopt a benchmark plan;
- (2) adopt an actuarial equivalent of a benchmark plan;
- (3) adopt a Florida, New York or Pennsylvania-type plan; or
- (4) adopt an alternative plan approved by the Department of Health and Human Services.

Ms. King confirmed that Medicaid is an individual entitlement program and that individuals must be served if eligible for Medicaid. She contrasted CHIP, which is a state entitlement program rather than an individual entitlement program. The state may decrease or increase the percent of federal poverty level criteria within the federal criteria allowances.

In response to questions from Rep. Brown, Ms. King stated that dental benefits would be required under the Medicaid expansion option, but not under the state option unless the state plan option benchmark plan included dental.²

Ms. King pointed out a report by the Urban Institute³ that states that the amount of federal money appropriated to CHIP is approximately twice the amount needed to cover eligible children in the United States. In response to questions from Rep. Brown regarding this statement, Ms. King deferred to Ms. Humphreys for the Indiana-specific analysis prepared by the Lewin Group for the Governor's Panel on CHIP.

With regard to the differences between the Medicaid expansion option and the state plan

¹A copy of the handout provided by Ms. King to Committee members is on file in the Legislative Information Center, Room 230, State House, Indianapolis, Indiana. The telephone number of the Legislative Information Center is (317) 232-9856, and the mailing address is 200 W. Washington St., Suite 301, Indianapolis, Indiana 46204-2789.

²Ms. King contacted staff on August 13, 1998 to correct this statement. She stated that further research reveals that dental benefits would be required under a Medicaid expansion if dental benefits are provided in the current Medicaid program, but that dental benefits are not listed in the federal law as required benefits regardless of whether dental benefits are provided in the benchmark plan.

³A copy of the Urban Institute report referred to by Ms. King is on file in the Legislative Information Center (see footnote 1).

option, Ms. King pointed out that Medicaid complexity is sometimes a reason states choose the state plan option, and that states may impose certain eligibility criteria, etc. with a state plan option that could not be imposed with a Medicaid expansion option because Medicaid is an entitlement program and the state plan is not.

In response to questions from Rep. Crawford, Ms. King said that states are reimbursed with an enhanced rate for CHIP. The Medicaid federal share is 53.7%, while the CHIP federal share is 72.99%. Ms. King clarified that the enhanced rate applies to coverage for children under a Medicaid expansion or under a state plan option.

In response to a question from Sen. Mills, Ms. King stated that under a Medicaid expansion plan all children in a family would need to be covered because Medicaid eligibility is based on income. Ms. King stated that she was unsure whether all children in a family must be covered under the state plan option, or if just the children with special health care needs in a family could be covered under a state option plan. Ms. King agreed that she would research that issue and provide a response.

In response to a question regarding Medicaid waivers from Rep. Goeglein, there was general discussion regarding shifting of individuals within Medicaid. Kathy Gifford, Family and Social Services Administration, stated that she did not believe that there would be shifting between Medicaid waivers and a CHIP program.

Ms. King discussed ideas for outreach, cost sharing and estimated program costs. In response to questions from Rep. Crawford, Ms. King stated that she was unsure whether there were different rates of reimbursement to providers between the state plan option and Medicaid in other states. Ms. King stated that premium reimbursement would be different depending on the services covered. The issue of "crowd out" was raised and Ms. King stated that a waiting period may be imposed with the state plan option, but not with the Medicaid expansion option due to entitlement. Sen. Simpson asked about mechanisms to prevent employers from dropping a health plan. Ms. King advised working with the employer community to prevent employers from doing this. Sen. Gard asked whether local government employees would have the same eligibility constraints as state employees. Ms. King stated that if counties run their own plans the children would qualify under the state plan option, but that if the county plan is not run by the county the children may not qualify under the state plan option.

Rep. Brown reintroduced Katie Humphreys and asked her to begin her presentation. Ms. Humphreys provided a handout relating to her testimony.⁴ Ms. Humphreys reviewed the chronology of events related to CHIP in Indiana from August, 1997 to April, 1998. She then discussed the phases of development to date.

Ms. Humphreys explained that the Governor's Panel looked at short-term and long-term strategies for development and implementation of CHIP in Indiana and the short-term strategy is to expand Medicaid. She stated that the Indiana plan was submitted to HCFA with an official submission date of April 17, 1998 and was approved by HCFA within 60

⁴A copy of the handout provided to members of the Committee is on file in the Legislative Information Center (see footnote 1).

days. Extensive outreach then began.⁵ The Phase I implementation involves expansion of Hoosier Healthwise, allowing children to sign up at various locations rather than the limited application sites of the Medicaid program, development of brochures and other communication tools, reducing the application to two pages with additional forms as needed, a new card, etc.

Ms. Humphreys stated that a blueprint of the final report will be completed in September. She explained that Phase II options are being developed by subcommittees. These include: outreach/education and communication; benefit design and cost sharing; eligibility and crowd-out; coordination, infrastructure and community based systems; data, outcomes and evaluation. The Panel will make final recommendations in October and forward the blueprint to the Governor. The General Assembly will consider the Phase II options during the next legislative session.

Ms. Humphreys stressed that CHIP is focused on getting children into care, not just giving them an insurance card. In response to questions from Rep. Brown and Rep. Day, Ms. Humphreys acknowledged that the application process needs to be simplified with data matches from other sources to decrease the number of applications needed by children applying for CHIP and other programs. She stated that there have been discussions with the Department of Agriculture regarding acquiring information from national sources and that confidentiality and exchanging of names are kept in mind in the discussions. Jim Hmurovich, Assistant Secretary, Division of Family and Children, stated that work is being done on Resources and Enrollment Centers to streamline, determine the amounts that individual counties receive for marketing and outreach, and determine the number of caseworkers necessary for enrollment and maintenance of enrollment.

In response to questions from Rep. Brown and Rep. Crawford, Ms. Humphreys stated that: (1) Support is "top down and bottom up" from the communities, including school corporations; (2) each local director has sent an outreach plan including community events to target for outreach; (3) Women, Infants and Children clinics are enrollment centers; and (4) there is a commitment to enroll 40,000 children by December 31, 1998 including new enrollees to Medicaid and CHIP.

Judy Stanton, Coordinator for Lake County Welfare Reform Planning, testified that: (1) increased staffing may be needed at the enrollment centers depending on the job functions of the staff related to CHIP; and (2) enrollment center personnel verify and follow-up on information received, essentially acting as caseworkers, and need education and assistance. She stated that she would like more information regarding what the expectations and resources will be.

Bruce Hillman, Director, Division of Family and Children, Lake County, stated that work is being done on identifying and enrolling each potentially eligible child, distribution of information regarding CHIP, collaboration efforts, simplification of the application, and commitment to co-locate staff in disproportionate share hospitals, of which there are 2 in Lake County.

⁵A copy of a brochure distributed by Ms. Humphreys related to outreach is on file in the Legislative Information Center (see footnote 1).

Rep. Brown informed the Committee that the next meeting will be September 1, 1998 to discuss managed care. Rep. Brown adjourned the meeting.